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IN THE

Supreme Court of the United States

OCTOBER TERM, 1966

No. 459

AMERICAN INFRA-RED RADIANT CO., INC. and HUPP CORPORATION, *Petitioners,*

v.

LAMBERT INDUSTRIES, INC., INDUSTRIAL CERAMICS, INC. and AGARD L. LAMBERT, nominal party defendant, *Respondents.*

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

JURISDICTION

Petitioners respectfully pray for the issuance of a writ of certiorari to the United States Court of Appeals for the Eighth Circuit, to review that portion of the judgment[1] of that Court dated June 7, 1966, reversing the judgment (R.[2] JA-60) of the United States District Court for the District of Minnesota, Fifth Division dated February 25, 1965, adjudging United States Letters Patent to Gunther Schwank, 2,775,294 to be

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[1] Appendix page 37a.

[2] Refers throughout to two Vols. entitled Stipulated Joint Record Appendix (Appeals 18054 and 18055).

valid, and affirming the said District Court's judgment of non-infringement of said Letters Patent 2,775,294 based on other grounds solely on the basis that said Letters Patent is invalid. The jurisdiction of this Court is invoked under section 1254(1) of the Judicial Code [28 U.S.C. Sec. 1254(1)]. Jurisdiction in the District Court was invoked under the patent laws, Title 35 USC 271 and 281 *et seq.* and Title 28 USC 1338 and 14006.

OPINIONS BELOW

The opinion of the Court of Appeals dated May 20, 1966, is reported at 360 F.2d 977. The order of the Court of Appeals dated June 20, 1966, denying petition for rehearing is not yet reported. The opinion and order are printed in the appendix hereto, commencing at pages 1a and 39a, respectively. The opinion of the District Court of Minnesota, Fifth Division is reported at 238 FS 176. The latter opinion is printed commencing at R. JA-31 and is followed by the District Court's Findings of Fact and Conclusions of Law commencing at R. JA-49.

QUESTIONS PRESENTED

1. In determining obviousness under the patent laws (35 U.S.C. Section 103) and this Court's opinion in *William T. Graham et al.* v. *John Deere Company et al.* and *Calmar, Inc.* v. *Cook Chemical Co.*, 383 U.S. 1, 15 L.Ed(2d) 545, 86 S.Ct. 684, can this Court of Appeals properly disregard unrefuted evidence of the failure for thirty five (35) years to make any practical use of teachings of the asserted prior art and overturn the clear validity findings of the Trial Court based on such evidence (Finding 13, R. JA-51)?

2. When such evidence shows the patent in suit differs in its combination of elements and founded an important new industry can the Appeals Court ignore this record evidence and the tests of nonobviousness set forth in *United States* v. *Adams,* 383 U.S. 39, L.Ed (2d) 572, 86 S.Ct. 780 and substitute therefor its own substantive interpretation of the patents as legal documents as has been done here and in this Appeals Court's other recent decisions[3] to invalidate all patents and ignore this Court's clearly stated obviousness tests?

3. Can the teachings of an asserted prior art patent, a British patent never commercialized and lying dormant in the prior art for a period of some thirty five (35) years, properly be enlarged by this Court of Appeals' unguided comparison of specific teachings of the later inventor's patent to make out a case of anticipation in direct opposition to substantial record evidence of persons skilled in the art that the prior art teaching is palpably deficient, a factor principally relied upon by the trial court in determining that the prior art teaching did not constitute an anticipation (Finding 14, R. JA-51 and JA-52) in view of this Court's frequently expressed views on anticipation in its decisions in *Smith* v. *Snow*, 294 U.S. 1, 17, 79 L.Ed 721, 55 S.C. 279; *Eibel Process Co.* v. *Minnesota & Ontario Paper Co.,* 261 U.S. 45, 63, 65, 67 L.Ed. 523, 43 S.Ct. 322, *Topliff* v. *Topliff et al.,* 145 U.S. 156, 161, 30 L.Ed. 1110, 7 S.C. 1057, and *Seymour* v. *Osborne,* 78 U.S. (11 Wall.) 516, 555, 20 L.Ed. 33.

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[3] *Kell-Dot Industries Inc. et al.* v. *George O. Graves d/b/a Michiana Mills,* 361 F(2d) 25, 30, 31; *Skee-Trainer, Inc.* v. *Garelick Mfg. Co.,* F(2d) , 160 USPQ 7, 9, 10; *Piel Manufacturing Co., Inc. et al.* v. *George A. Rolfes Co. et al.,* F(2d) , 150 USPQ 330, 334; *Automated Building Components, Inc.* v. *Hydro-Air Engineering, Inc.,* F(2d) , 150 USPQ 421, 422.

4. Is it proper for a Court of Appeals in the face of Rule 52 of the Federal Rules of Civil Procedure to reverse a trial court's holding of validity of a Letters Patent in a highly technical field such as the gas fired, infra-red heater and burner plate art where the trial court's findings (Findings 13, 14 and 15, R. JA-51 and JA-52) respecting the deficiency of the prior art structure and the novelty and superiority of the structures of the Letters Patent in suit are predicated on substantial evidence of persons skilled in the art and the trial court's personal observation of in-court demonstrations of structures made according to the Letters Patent in suit as well as structures widely differing in technical detail and construction offered by the opposing parties as representative of the uncommercialized prior art teachings.

STATEMENT OF THE CASE

Petitioners are respectively the title holder of Schwank United States Letters Patent 2,775,294[4] and related patents and principal licensee under said Letters Patent and related patents owned by the title holder. Respondents, Lambert Industries, Inc. and Industrial Ceramics, Inc., are corporations under the control and dominion of Respondent Agard L. Lambert and substantial competitors of petitioner, Hupp Corporation, in the manufacture and sale of a form of gas fired infra-red ceramic tile heaters or burners and the ceramic tile therefor never commercialized before the

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[4] Contrary to the Court of Appeals ruling (Appendix page 2a) the '294 patent through claim 5 in suit covers the combination of a burner housing (either that of Figure 3 of the patent or the reversing flow shallow housing of Figures 4 and 5) and the burner plate of claims 1, 3 and 4 in suit.

Schwank invention and constituting the subject of said Letters Patent 2,775,294. Agard L. Lambert first became familiar with gas fired infra-red heaters or burners as a distributor for Perfection Industries, Inc. the predecessor of Plaintiff Hupp Corporation's Perfection Division (Stip. Par. 15, R. 70 to 72). Among other literature in Lambert's possession in 1962 was a copy of Plaintiff Hupp Corporation's technical service and installation manual (Plaintiffs' Exh. 7), containing Lambert Industries, Inc. packing lists, the industry accepted infra-red gas fired ceramic plate burner manual (Appellees' Supplemental Record Appendix, 14 to 16).

Prior to the year 1950 when Gunther Schwank, a German National, introduced his ceramic tile plates and gas fired, infra-red radiant, ceramic tile plate burner of Letters Patent 2,775,294 to gas burner manufacturers in Germany no one there or anywhere else in the world was commercializing any gas fired, infra-red radiant burner that would operate satisfactorily on normal commercial line pressure (R. 114, 115, 295 to 297, 620, 621, Appellees' Supplemental Record Appendix, 5 to 7, the Keller Articles, Defts. Exh. W, Defts. Exh. Book Vol. I reporting studies or research conducted at Carnegie Institute of Technology under the general supervision of Professor W. Trinks, page 2 Defts. Exh. W). These studies conducted from February 1940 to March 1942 under the sponsorship of Wean Engineering Co., Warren Ohio (Defts. Exh. W, page 2) were publicized in a paper presented at the American Gas Association Sales Conference on Industrial and Commercial Gas at Nashville, Tennessee (Defts. Exh. W, page 1) held April 5-7, 1949 (Trial Stipulation paragraph 28(C), R. 77). The objects

of these studies were, first, to test various types of industrial radiant burners then available on the market (Defts. Exh. W, page 1) and second:

> ". . . to develop, if possible, radiant burners of higher specific capacity having greatly increased radiating efficiency, together with satisfactory length of life; the burners preferably to be capable of operating with an inspirator and inducing the required combustion air from the atmosphere, without requiring a fan or blower." (Defts. Exh. W, pages 1 and 2)

None of the then available burners were operable on normally available, commercial, low line pressure using a simple venturi tube or inspirator (Defts. Exh. W, page 3, Col. 2, beginning at line 15; page 6, Col. 1, lines 10-16; page 8, Col. 2, beginning at line 8 from the bottom; page 13, Col. 1, beginning at line 12 from the bottom; page 14, Col. 1, beginning at line 3; page 19, Col. 1, line 4 to end of paragraph; page 21, Col. 2, paragraph beginning line 15 from the bottom).

The Schwank plate burner and tile plates for the first time provided a heating device capable of effectively and economically heating churches, halls, factories, persons, and things in open outdoor areas such as loading docks, railway switches, frozen coal and ore cars (R. 118, Pltfs. Exhs. 4a, 4b, 5, 8q and 9b) where conventional heaters at best were inefficient, if not, wholly inadequate. This success resulted from the fact that the incandescent plates radiated heat, i.e. produced heat rays or wave energy similar to the rays of the sun which pass through the air without heating it and heat only the ray intercepting persons and objects (Pltfs. Exh. 1, Col. 3, lines 40-57, R. JA-64, Pltfs. Exhs. 4a, 4b, 5, 8q, and 9b of Pltfs. Exh. Book Vol. 1).

This form of heating was hailed by the trade, users, and gas distributors as a new concept of heating (R. 297, Pltfs. Exh. 5, page 4, Pltfs. Exh. 8q, page 2, Pltfs. Exh. 9b, page 8 of Pltfs. Exh. Book, Vol. 1). In fact the Texas Eastern Transmission Corporation, a pipeline distributor of gas, in its publication "The Inch" (Pltfs. Exh. 8q, supra) paid particular tribute to the Schwank invention of the 2,775,294 Patent when it said:

> "The Americans were immediately enthusiastic about infrared's possibilities. They brought the German scientist's idea to the United States where a patent was granted on Christmas Day of 1956."
>
> "One gas company official later said it may have been the 'greatest Christmas present the gas industry will ever receive.' Since that time, Schwank's burners have been distributed by the thousands throughout the nation by the Hupp Corporation, of Cleveland, Ohio. They also have attracted competition. Today, dozens of firms are manufacturing similar equipment. By heating places once considered impossible to keep warm, these new appliances are building bigger loads for gas utilities across the nation."

The Evidence Clearly Shows a History of Nonobviousness, and Failure of Those Skilled in the Art To Provide a Practical Workable Gas Fired, Infra-Red Burner Operable on Normal Low Line Pressure Which the Appellate Court Chose To Ignore

Unless the teachings of the British McCourt patent of 1915, never commercialized and lying dormant for thirty five (35) years, can properly be held to contemplate such a burner and burner tile, the record before this Court is devoid of any suggestion of such a burner or burner tile in the prior art. The trial court found on the basis of substantial record evidence that the Mc-

Court patent did not and, therefore, did not anticipate the Schwank patents in suit (Finding 14, R. JA-52). The Court of Appeals, on its own de novo comparison of the technical disclosures of the McCourt and Schwank patents and in disregard of the history of the art shown by the record and the comparisons of those technically skilled in the art as shown by the record reversed this finding in contravention, we submit, of the clear directives of this Court set out in the decision of *United States* v. *Adams, supra,* and the finality of such trial court findings under Rule 52 of the Federal Rules of Civil Procedure, ignored by the Court in the *Kell-Dot Industries, Inc.* v. *George O. Graves, American Infra-Red Radiant Co., Inc. et al.* v. *Lambert Industries, Inc. et al.,* and *Skee-Trainer, Inc. et al.* v. *Garelick Mfg. Co.* cases, *supra,* where it was necessary to overrule the trial court's validity findings to hold the patents invalid but applied in *Piel Mfg. Co. Inc.* v. *George A. Rolfes Co.* and *Automated Components* v. *Hydro-Air Engineering, Inc., supra,* where the trial court held the patents to be invalid.

In spite of this impressive record of final success and the unsolicited tributes of the trade and the gas industry respecting the novelty and extreme utility of the Schwank invention which led the trial court to make its findings of validity (See findings 13 through 15, R. JA-51 and 52) and to conclude that Letters Patent 2,775,294 is "valid and enforcible" (See conclusion numbered 3, R. JA-59), the Court of Appeals, by a typical hindsight approach and by a non-technical personal comparison of disclosures rather than consideration of the indisputable factual history and the guidance of qualified technical experts, reversed the trial court's findings and held Letters Patent 2,775,294

to be invalid. The decision of the Court of Appeals also disregards the criteria of invention announced by this Court in the following decisions and recognized by it in *United States* v. *Adams, supra:*

Occurring Before The Invention:

(1) Long-felt want long unsupplied (*Paramount* v. *American,* 294 U.S. 464, 474, 79 L.Ed. 997, 55 S.C. 449).

(2) Prior effort and failure *Expanded Metal* v. *Bradford,* 214 U.S. 366, 53 L.Ed. 1034, 29 S.C., 652); *Consolidated Valve Co.* v. *Crosby Valve Co.,* 113 U.S. 157, 179, 28 L.Ed. 939, 5 S.Ct. 513.

(3) Taking a long delayed and, therefore, not obvious step. (*Hildreth* v. *Mastoras,* 257 U.S. 27, 34, 66 L.Ed. 112, 42 S.C. 20); *Loom Co.* v. *Higgins,* 105 U.S. 580, 591, 27 L.Ed. 1177; *The Barbed Wire Patent,* 143 U.S. 275, 283, 284, 36 L.Ed. 154, 12 S.Ct. 443; *The Goodyear Tire and Rubber Co. Inc. et al.* v. *Ray-O-Vac. Co.,* 321 U.S. 275, 279, 88 L.Ed. 721, 64 S.Ct. 593.

Occurring After The Invention:

(4) Public adoption and public acquiescence (*Diamond* v. *Consolidated,* 220 U.S. 428, 55 L.Ed. 527, 31 S.C. 444, *Blake* v. *Robertson,* 94 U.S. 728, 24 L.Ed. 245).

(5) Commercial success (*Smith* v. *Snow,* 294 U.S. 1, 14, 79 L.Ed. 721, 55 S.C. 279; *Temco* v. *Apco,* 275 U.S. 310, 72 L.Ed. 293, 48 S.C. 137); *Smith* v. *Goodyear Dental Vulcanite Co. et al.,* 93 U.S. 486, 495, 23 L.Ed. 952.

(6) Simplicity (*Diamond* v. *Consolidated,* 220 U.S. 429, 434, 55 L.Ed. 527, 31 S.C. 444).

We submit that all of those criteria are shown by the evidence in the record here and support the patent-

ability of each of the claims of Patent 2,775,294 in suit.

It is respectfully submitted that the foregoing evidence establishes (1) non-compliance of the Court below in its determination of "non-obviousness" and patentable novelty with this Court's decision in *United States* v. *Adams, supra,* (2) that the Circuit Court of Appeals reversal of the District Court's validity findings 13 through 15 (R. JA-51 and JA-52) and validity conclusion numbered 3 (R. JA-59), both predicated on substantial evidence, constitutes reversible error, and (3) indicates a continued failure of this Court of Appeals to recognize and apply the correct test in its determinations of patent validity, a failure prejudicial to the public interest in maintaining a sound and equitably administered patent system.

The Evidence Clearly Shows That the Teachings of the Asserted Prior Art British McCourt Patent Fall Short of a Disclosure of the Inventive Combinations Taught and Claimed by Schwank Letters Patent 2,775,294 in Suit

Additionally, the Court of Appeals has overlooked critical deficiencies of the disclosure of the McCourt British Patent 6,312, of 1915, in holding as it did (Court of Appeals opinion) that:

> ". . . One, given a proper interpretation of the entire teachings of McCourt the conclusion is inescapable that the Schwank Patent was invalid for want of novelty . . . ." (Appendix page 11a)

The Schwank combination teaching is the keystone which turned failure to success. It comprises the combination of heat restraining means, individual aperture size, passage to tile surface ratio, and thickness of the tile that function collectively and conjointly to

assure, as petitioners gas infra-red burner expert, Bauer, testified (R. 621):

> 1. aspiration of the air required for complete combustion by commercially available fuel gas at their low available pressures,
>
> 2. obtaining and maintaining uniform incandescence giving temperatures between 1500 and 1700 degrees Fahrenheit, and
>
> 3. excellent anti-flash back characteristics with a high radiating capacity, high heat.

The full significance of this teaching has, we submit, been most clearly stated by the Court of Justice in Karlsruhe, Germany, the final appellate Court, in its decision[5] of the 14th June 1966 reversing the German Court decision to which the Circuit Court of Appeals referred (See the Appendix to this petition, pages 14a, 15a) in justifying its non-engineering hind sight evaluation that the difference over McCourt is a "mere changing of form, proportions, or size." We respectfully submit the final German Appeal Court of Justice stated the more technical language of Petitioners' engi-

[5] This decision first became known to Plaintiffs' counsel on July 13, 1966 while engaged in the trial of another case in Cleveland as a result of a letter from Mr. Hale of American Infra-Red Radiant Co. Inc. addressed to counsel's Washington Office and enclosing a copy of German counsel's letter of June 28, 1966 to Mr. Hale. On July 14, 1966, counsel's Washington Office at counsel's telephoned request wrote a letter requesting a certified copy of the decision and a certified translation from Germany. To date the requested copies have not been received but a partial translation was received August 9, 1966 from which the following quotations have been taken. Profert of the certified copies is hereby made to be supplied to this court upon receipt in whatever manner this court may desire.

neer Bauer in possibly more meaningful lay terms as follows:

> "Contrary, the inventor of the British patent seems to believe that the heat conducted rearwardly through the plate material flows perpendicularly in one dimension only through the plate towards its inner face in spite of the existence of numerous perforations. At least he did not recognize or observe that in the presence of numerous perforations the majority of the heat is conducted to the walls of the passages. Consequently, he did not recognize the importance of making the sum of the passage surface areas as large as possible to reduce the danger of back-firing, and he discussed the dimensions of those parameters which are in mutual relation to the sum of the passage wall surface areas—i.e., the number and the cross sectional area of the passages and the thickness of the plate—only under some other aspects, for instance, the tile thickness only under the aspect of the resistance which it presents to the flow of gas and the (perpendicular) back flow of heat, the cross sectional area of the passages only under the aspects of a flash-back of the flame and its capacity to permit a sufficient quantity of gas to pass through, finally, the number of passages only under the aspects of a certain gas pressure, the quantity of gas and the specific input where he found an upper limit for the maximum permissible amount of fuel which he does not explain.
>
> * * * * * * * * *
>
> "That the teachings of the patent in suit represent a technical progress over the teachings of the British patent 6312/1915 cannot be seriously doubted. The progress (as follows already from the explanations under II 3c and II 4d (bb) consists primarily in obtaining a burner with much higher heating capacity when following the patent in suit—without danger of flash-back—in com-

parison to a burner made after the British patent. As has been proven by the defendant during the appeal trial, only the burner in accordance with the patent in suit has been used successfully, particularly as a means for heating large buildings or outdoor areas, whereas the burner in accordance with the British patent has no success."

It is respectfully submitted that the Court of Appeals in its ruling, *supra* page 10, completely disregards the specific disclosure deficiencies of the McCourt Patent and additionally ignores the record evidence, including the comparative demonstration before the trial court (Appellees Supplemental Record Appendix, 148 to 154), that even if McCourt's specific example is followed to the letter the resulting burner tile when installed in a commercially successful Schwank burner housing will *not* produce acceptable results (Appellees Suppl. Record Appendix pages 130 to 158, 164 to 174).

From the foregoing, it clearly appears that the Court of Appeals, contrary to the pronouncements of this Court in *Smith* v. *Snow,* 294 U.S. 1, 17, 79 L.Ed. 721, 55 S.C. 279, *Eibel Process Co.* v. *Minnesota & Ontario Paper Co.,* 261 U.S. 45, 63, 66, 67 L.Ed. 523, 43 S.C. 322, *Topliff* v. *Topliff et al.,* 145 U.S. 156, 161, 30 L.Ed. 1110, 7 S.C. 1057, *Seymour* v. *Osborne,* 78 U.S. (11 Wall.) 516, 555, 20 L.Ed. 33, has accepted a rudimentary experiment, including isolated elements of Schwank's combination, not used since its inception in 1915, as an anticipation of Schwank's practical invention and, in justification of its reversal of the District Court's soundly bottomed finding of validity, has read into the 1915 disclosure of the McCourt British patent, the meritorious improvement teachings of the Schwank patent to impart to McCourt's patent "an account of

a complete and operative invention capable of being put into practical operation" (See *Seymour* v. *Osborne, supra,* page 555) contrary to the record evidence. The record establishes Schwank's practical and successful teachings as the step beyond the prior art in the march of improvement which this Court has so often recognized as an inventive advance or "final step which has turned a failure into success", *The Barbed Wire Patent Case,* 143 U.S. 275, 283, 36 L.Ed. 154, 12 S.C. 443. The contrary views of the Court of Appeals respecting the McCourt patent disclosure can best be summarized by the following language of Mr. Justice Blatchford, speaking for this Court in *Consolidated Valve Co.* v. *Crosby Valve Co., supra,* wherein he said, page 170, 171.

> "In regard to all of the above patents, adduced against Richardson's patent of 1866, it may be generally said, that they never were, in their day, and before the date of that patent, or of Richardson's invention, known or recognized as producing any such result as his apparatus of that patent produces, as above defined. Likenesses in them, in physical structure, to the apparatus of Richardson, in important particulars, may be pointed out, but it is only as the anatomy of a corpse resembles that of the living being. * * *."

The trial judge clearly recognized this fact, the Court of Appeals in ignoring it seeks to justify its position by breathing into the McCourt corpse the lifeblood of the subsequent teachings and invention of Schwank Letters Patent 2775294. It cannot be denied that the McCourt patent fails utterly in its description and drawings to meet this Court's long recognized test for anticipatory prior art, namely, that the prior art "exhibit a substantial representation of the patented im-

provement, in such full, clear, and exact terms as to enable any person skilled in the art or science to which it appertains, to make, construct, and practice the invention to the same practical extent as they would be enabled to do if the information was derived from a prior patent." *Seymour* v. *Osborne, supra,* page 555 decided in 1870.

The Trial Court's Fact Findings Predicated on Substantial Evidence, Including Numerous In-Court Demonstrations, Are Entitled to the Finality Imparted by Rule 52

Since the trial court observed the comparative demonstrations and predicated its findings 13 to 15 on substantial record evidence including the in-court demonstrations, and the Court of Appeals, because of the permitted destruction of the McCourt demonstration burner (Appellees Suppl. Record Appendix 153, 154, 176, 177), had no opportunity to observe a comparison demonstration, the overruling of the favorable validity findings on a clearly "hindsight" evaluation of the respective patent teachings in a complex art contravenes the clear intent and purpose of Rule 52 of the Federal Rules of Civil Procedure.

CONCLUSION

For the foregoing reasons and because of the Court of Appeals' clearly evidenced failure to follow this Court's expressed application of the obviousness test to the record evidence in *United States* v. *Adams, supra,* we submit, certiorari should be granted in the instant case (1) to clarify for future guidance of the Courts, the Patent Office and patent litigants the proper application of the obviousness test imposed by 35 U.S. Code section 103 to the record evidence, (2) to assure the application of Rule 52 of The Civil Rules of Civil

Procedure insofar as it relates to the finality of trial court findings based on substantial record evidence, and (3) finally, and most importantly lift from the Patent System in this country the stifling effect of reactionary court decisions which ignore the factual evidence of non-obviousness exemplified by this Appeal Court's decisions in this case, *Kell-Dot Industries, Inc. et al.* v. *George O Graves, d/b a/ Michiana Mills, supra,* and *Skee-Trainer Inc.* v. *Garelick Mfg. Co., supra.*

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APPENDIX

APPENDIX

Opinion of Circuit Court of Appeals Eighth in Appeals Nos. 18054 and 18055 Dated May 20, 1966

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT.

No. 18,054

AMERICAN INFRA-RED RADIANT CO., INC., a Delaware Corporation, and HUPP CORPORATION, a Virginia Corporation, *Appellants,*

v.

LAMBERT INDUSTRIES, INC., a Minnesota Corporation, INDUSTRIAL CERAMICS, INC., a Minnesota Corporation, and AGARD L. LAMBERT, *Appellees.*

No. 18,055

LAMBERT INDUSTRIES, INC., a Minnesota Corporation, INDUSTRIAL CERAMICS, INC., a Minnesota Corporation, and AGARD L. LAMBERT, *Appellants,*

v.

AMERICAN INFRA-RED RADIANT CO., INC., a Delaware Corporation, and HUPP CORPORATION, a Virginia Corporation, *Appellees.*

Appeals from the United States District Court for the District of Minnesota

[May 20, 1966]

Before VOGEL, Chief Judge, BLACKMUN and GIBSON, Circuit Judges.

GIBSON, Circuit Judge.

This appeal and cross-appeal from the United States District Court, District of Minnesota, concerns a patent infringement case filed pursuant to Title 35, U.S.C., § 271

in which also is injected the issue of patent misuse and anti-trust. Jurisdiction is established by Title 28, U.S.C,. § 1338. At issue is the validity of two patents, the alleged infringement thereof, the alleged patent misuse, and the alleged anti-trust violation.

The District Court[1] (the Honorable Dennis Donovan) held the patents valid but not infringed, and found no patent misuse or anti-trust violation.

The patents in question were issued to plaintiff American Infra-Red Radiant Co:, Inc., as assignor of the inventor, Gunther Schwank, with plaintiff Hupp Corporation serving as a nonexclusive licensee of American Infra-Red, with right to sue for patent infringement. Defendants are engaged in making and marketing devices similar to those covered in the patents and are charged by plaintiffs with infringement of both patents.

The subject matter of this litigation is an infra-red gas burner. U. S. Patent No. 2,775,294 ('294) is for the burner tile or plate, and U. S. Patent No. 2,870,830 ('830) is for the burner housing, exclusive of the burner plate. The two units when placed together constitute the operational infra-red gas burner device. Difficult as it is, we will attempt to be accurate, brief and intelligible in our description of the device.

The burner utilizes a dish-shaped housing assembly which contains at one end a venturi or mixing tube which is in open communication with a gas nozzle and an air intake space. The gas and air are partially mixed in this mixing tube and then discharged on to a deflecting and guiding surface at the opposite side of the unit. This surface reverses the flow of the gaseous mixture and guides it into a separate mixing chamber and in so doing effects

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[1] The trial court's decision is reported in 238 F. Supp. 176 (1965).

a thorough and uniform distribution of the gas-air mixture within the chamber (Patent '830). This dish-shaped housing unit has a flat planer open top on which are mounted the perforated ceramic plates of the '294 patent. The plates are mounted individually or in multiples of two, four, six, etc., but will be hereafter referred to as the plate or ceramic plate. The plate covers the entire opening, thus making a confined chamber except for the mixing tube, which is in open communication with the air and gas inlets. The pressure in the mixing tube caused by the incoming gas and air is somewhat greater than the pressure in the mixing chamber immediately beneath the perforated ceramic plate which causes all of the combustible mixture to be expelled under low pressure through the apertures in the plate. This ceramic plate resembles a perforated disc that contains many small holes allowing the gas to pass to the outer side thereof, at which point combustion takes place. The burning of this gas-air mixture at the surface of the ceramic tile is almost flameless and it heats the surface of the tile to a reddish incandescent glow, which in turn radiates infra-red heat waves. These rays travel through the surrounding air without heating it. Upon striking an opaque object these infra-red rays are then converted into heat.

In order for the burner to successfully operate, it is necessary that the gaseous mixture be ignited only on the surface of the ceramic plate and not in the mixing chamber behind the plate. When this premature ignition occurs in the mixing chamber it is known as "backfiring." To prevent this "backfiring" the ceramic burner plate must be of sufficiently low thermal conductivity to insulate the red hot outer surface (1500 to 1700° Fahrenheit) from the necessarily cool interior. Furthermore, the perforations in the tile must be small enough to prevent heat from the burning gas to travel back into the mixing chamber, yet large enough to eliminate too much pressure from building up in the mixing chamber.

Another characteristic of this type of infra-red burner is that it is intended to operate at the relatively low "ordinary town gas pressures", with all of the air required for combustion being inspired into the mixing tube without the use of a compressor. If the perforations in the ceramic plate are too small in relation to the pressure of the incoming gas, the continuous and even flow of the gas and air through the perforations in the burner plate is restricted, thus causing a "back pressure." This "back pressure" results in insufficient inspiration of air into the mixing tube. So, the diameter and number of perforations in the burner plate are important in two respects: One, they must be small enough in size to prevent "backfire" from the hot surface of the plate, and two, they must be large enough in size and sufficient in number to keep "back pressure" from preventing inspiration of sufficient air into the mixing tube.

In addition to the above factors, due to the complex nature of gas flow, the thickness of the burner plate and consequently the length of the perforations through which the gas flows on its way to the burner surface is an important factor in the burner's efficient operation.

Finally, since different gaseous fuels have different ignition temperatures, ignition speeds, and inspirating qualities the type of fuel used is a factor to correlate with the other considerations mentioned. A change in the chemical composition of the gas may require a change or variation in the size and number of the holes in the ceramic tile. Thus the size of the perforations, the number, and the length thereof are of vital importance and must be properly correlated with each other and the other variables mentioned to achieve the desired result.

Patent '294 issued December 25, 1956, covering the ceramic burner plate, requires that the tile have generally parallel passages through which the gaseous mixture may pass, which passages must be evenly distributed over the

area of the tile with the total cross-sectional area of the passages being not less than "about 20 per cent" of the total radiation area of the surface of the burner plate. The individual passages are to be not less than 5 millimeters (about 6/32 of an inch) in length and a cross-sectional area of not more than 4 square millimeters (about 6/1000 of an inch) each. A heat retarding medium of substantially lower thermal conductivity than the clay or refractory material of the plate is to be distributed throughout the plate with the thermal conductivity not exceeding "0.5 kc/hr. m.°c." (.5 kilocalories per hour, per meter, per degree, centigrade). The heat retarding medium is composed of pockets of air or voids within the ceramic itself. The pockets are produced by sintering the clay or other material used to form the tile block; that is, by incomplete firing of the clay ceramic during its construction. The impurities in the clay are burned out without fusing the remaining material together in a solid mass. The result is small pockets or voids containing air which has 10 to 100 times less thermal conductivity than the surrounding solid ceramic.

Patent No. '830 issued January 27, 1959, is concerned with the general housing of the burner plate, including the positioning of the component parts and structural arrangement of the burner. The aim of the patent is to provide a maximum burning surface while having minimum overall dimensions, particularly depth, thus providing maximum heat while taking up a minimum of space.

Defendants manufacture and sell three types of ceramic burner plates, two with cylindrical passages and one with slotted passages; all of which allegedly infringe upon plaintiffs' '294 patent. The housing unit for the burner plate manufactured and sold by defendants is somewhat similar in design to the specifications in plaintiffs' patent, but there is some variation in the overall dimension.

In defending this infringement case, defendants have alleged that both of plaintiffs' patents are invalid and

even if valid there was no infringement. In addition, they have asserted the affirmative defense of patent misuse and have counter-claimed for damages, alleging that the patent misuse was a violation of the anti-trust laws entitling recovery of treble damages. The basis of the closely related patent misuse defense and the anti-trust counterclaim is the license and sales agreement between American Infra-Red and Hupp Corporation. Defendant contends that the agreements constitute illegal exclusive dealing contracts and tie-in agreements.

The trial court held the patents valid on the ground that the "very heavy burden"[2] imposed on defendants to overcome the statutory presumption of validity was not met by defendants and on the basis of the admitted commercial success of the plaintiffs' commercial burner. The trial court went on to declare that neither patent had been infringed upon and that plaintiffs had not violated the anti-trust laws with their licensing and sales agreement.

Plaintiffs applaud that portion of the trial court's decision holding their patents are valid and that there has been no patent misuse or anti-trust violation, but assert that the holding of non-infringement is clearly erroneous. Defendants in turn applaud the court's decision of no infringement, but contend that the decision holding the patents valid and the holding of no anti-trust violation is clearly erroneous.

There being dual issues of validity and infringement, the proper procedure demands that we first determine the validity of the patents in question before we can approach the issue of infringement. We will first consider the validity of Schwank patent '294 (ceramic burner plate),

[2] In *Mumm* v. *Jacob E. Decker & Sons,* 301 U.S. 168, 171, 57 S. Ct. 680, 81 L. Ed. 983 Chief Justice Hughes said: ". . . [T]he burden of proving want of novelty is upon him who avers it, . . . [and] his burden is a heavy one, as it has been held that 'every reasonable doubt should be resolved against him.' "

after which we will discuss Schwank patent '830 (housing unit).

Validity of '294

It is fundamental that for a patent to be valid it must demonstrate three separate and distinct elements: "novelty," "utility" and "invention." We are concerned herein only with the elements of "novelty" and "invention" as "utility" is admitted or evident. When we say that a patent must possess "novelty" we mean that it must be new. As required by the statute, to be patentable the device must not have been "known or used by others in this country, or patented or described by a prior printed publication in this or a foreign country . . . " 35 U.S.C. § 102 (a). In addition to "utility" the statutes have always demanded that a patent be novel. However, in addition to these two statutory elements of patentability the courts for over a hundred years have demanded of all patents an additional requirement of "invention." The exact definition of "invention" has varied from time to time and from court to court. However, it was generally agreed that a mere improvement over prior art which involved nothing more than what would have been obvious to a person skilled in the art and requiring nothing more than the application of mechanical skill could not be considered as "invention." See 2 Deller's Walker on Patents, § 104-106 (2nd Ed. 1964). The Patent Act of 1952 (35 U.S.C. § 103) codified this general judicial requirement as the third statutory requirement of patentability. The statute states in effect that a patent is not valid "if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." In interpreting this statute the Supreme Court in the recent case of *Graham* v. *John Deere Company of Kansas City,*

... U.S. ... (February 21, 1966) (cert. from 333 F. 2d 529) prefers to call this time honored, now codified, judicial requirement, heretofore known as "invention," the "test of obviousness." The Court made it clear that the statute merely codified the decisional law and the necessary level of innovation previously demanded by the courts had not been changed by the statute. However, the Court felt that "obviousness" should be emphasized rather than "invention" and that the "test of obviousness" as set out in the statute be applied as the sole test for the third element of patentability. Therefore, in addition to "utility" and "novelty" patents must contain "non-obviousness."

The thrust of defendants' attack on the validity of patent '294 is concentrated on a demonstration of prior art not considered by the patent examiner. Defendants contend that this prior art conclusively demonstrates a lack of novelty and inventiveness in the Schwank patent. As prior art defendants rely primarily upon a 1915 British Patent Number 6312 by McCourt. This patent is admittedly very similar to the Schwank patent, a similarity that will soon be demonstrated in full. In addition to this McCourt patent, defendants cite two articles dealing with radiant burners, one by Keller in 1949 and one by Trinks in 1942. Neither the McCourt patent or the prior art publications by Keller and Trinks were cited nor considered by the patent examiner.

To determine if the Schwank patent has been anticipated because of its obviousness or lack of novelty, it is necessary to compare the various claims of the patent with the teachings of the prior art. Our attention is first directed to the general or broad characteristics of this patent as compared with the prior art in the field. In making such a comparison it clearly appears to us that the Schwank patent has all of the broad characteristics found in the prior McCourt patent, many of which also appear in the Keller and Trinks publications.

1. Both patents deal with gas burners which produce infra-red heat rays using the same principles of physics.

2. As a heating unit both employ a block of refractory ceramic material.

3. Both construct their heating blocks with cavities or voids filled with air which serve as a heat retarding medium to lower the block's thermal conductivity.

4. Each perforates his block with uniformly distributed passages through which the fuel mixture flows to the surface of the block.

5. At the surface of the block the fuel mixture is ignited, causing the face of each of the blocks to become heated to incandescence.

6. Both mount this heating unit at the top of a chamber, in which air and gas are mixed before reaching the surface of the unit.

Not only are all of these general characteristics of Schwank anticipated by the McCourt patent, but all of the major problems and objectives of the burner were foreseen not only by McCourt but also by the Trinks and Keller publications.

1. The burners are designed to operate at normal "town" gas pressure.

2. The burners are designed to inspirate all of the air necessary for successful combustion without the need of a blower or compressor.

3. The burners are designed to prevent "backfiring."

In order to attain these three goals and to construct a successful radiant burner, Schwank set forth in his patent four specifications for his burner plate. 1) The cross-sectional area of each perforation in the block should be below a 4 sq. mm. maximum. 2) The thermal conductivity

of the block should be less than .5 kilocalories per hour per meter per degree centigrade. 3) The thickness of the plate should be at least 5 mm. (6/32 of an inch). 4) The ratio of the perforation area to the surface area should be not less than "about 20%."

In comparing each of these four specifications for a successful burner set out by Schwank with the teachings of McCourt, the similarity between the patents is evident.

1. Cross-Sectional Area of the Individual Perforations. McCourt taught a measurement of 1.17 sq.mm. which clearly anticipated the 4 sq.mm. maximum set out by Schwank. (Plaintiffs' commercial block is very near the McCourt teaching with measurements of .8 sq.mm. and 1.3 sq.mm.).

2. Thermal Conductivity. A block constructed in accordance with the specifications of McCourt had a thermal conductivity of .181. Schwank taught a .5 maximum and was thus anticipated by the McCourt disclosure. (Duplicating almost exactly the McCourt figure, plaintiffs' commercial tile has a conductivity of .180).

3. Thickness of the Burner Plate. McCourt's block measured 12/32 of an inch, again anticipating the Schwank disclosure calling for an excess of 6/32 of an inch. (The thickness of the McCourt block is almost duplicated by plaintiffs' present block which measured 15/32 of an inch).

4. Ratio of Perforation Area to Surface Area. While Schwank calls for a ratio of not less than "about 20%", McCourt in his specific examples only had ratios of 14.3% and 16.2%. (Commercial blocks are manufactured by plaintiffs with various different ratios, such as 25%, 35% and 40%).

It is clear from the above comparison, from the statements of plaintiffs' own expert witnesses, and from the

admission found in plaintiffs' supplemental brief,[3] that the Schwank patent has been anticipated in all ways save the possibility of one; this one being Schwank's teaching of a ratio of not less than "about 20%" while McCourt's patent lists ratios of only 14.3% and 16.2%. Our task then is to determine if this single difference found in the stated ratios as they appear on the face of the patents entitles Schwank to a patent monopoly on his burner plate. We do not believe that it does. We have two basic reasons for this conclusion. One, given a proper interpretation of the entire teachings of McCourt the conclusion is inescapable that the Schwank patent was invalid for want of novelty. Two, even if we were to rule that the apparent difference is novel, we believe that the advance would have been obvious to one skilled in the art. Therefore, this obvious step cannot constitute "invention" necessary to allow a patent monopoly.

Considering first "novelty", if all of the claims of the Schwank patent were first taught by McCourt, the law demands that the Schwank be held invalid. It is admitted that all but one of the Schwank claims have in fact been anticipated by the McCourt teaching. Further, upon close analysis of the sole alleged differences in the patents it is equally clear that no true difference actually exists. What appears at first glance to be a difference is illusionary. In all respects, therefore, McCourt anticipates the teaching of Schwank.

To illustrate, we believe it would be a mistake to interpret McCourt, as have the plaintiffs, as teaching nothing more in the area of ratios than the bare figures of 14.3% and 16.2%. On the contrary, McCourt gave complete general teachings in the area of radiant burners. The detail

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[3] Plaintiffs-Appellees' brief, p. 10: "Since the greater than 20 per cent passage area to tile surface area ratio is the sole and outstanding structural difference over McCourt . . ."

explanation of the experimentation process which McCourt sets out is as much a part of the existing art as the figures he gives. In this case the process is far more important than the figures.

In his patent McCourt taught that to construct a successful burner one had to account for a number of variables, such as the chemical composition of the gas, the pressure of the gas, the desired surface temperature, and the thickness of the block. To compensate for these variables he taught that it would be necessary to either change the number or the diameter of the perforations, which of course consequently alters the perforation to surface ratio. He specifically illustrated his discovery by teaching that if you changed the composition of the gas you would need to change the diameter of the perforations, but if you used a thicker block you had to increase the number of perforations. In order to determine the correct diameter and number of perforations under a given set of these variables McCourt taught that one had to construct a number of test burner plates and empirically experiment with each plate under each set of circumstances. The figures of 14.3% and 16.2% represent the results of two of these experiments. In themselves they were not considered to be teachings or rigid specifications. They were only the results of experiments with given variables and with variation in the variables the ratio figures would necessarily change. The importance of McCourt's teaching is found not in the illustrative figures, but in the discovery of the various factors that influence the operation of radiant gas burners and the teaching of empirical experimentation to obtain a workable burner plate when these factors are varied.

Having concluded that the difference in the ratio figures does not of itself indicate that the Schwank patent was novel, and that the ratio figures set out by McCourt were not a definitive part of his teachings, we must now exam-

ine the McCourt teachings themselves on the issue of ratio to see if they encompass the later ratio teachings of Schwank. "It is well settled that a patent cannot be properly granted for the discovery of a result, which would flow naturally from the teaching of the prior art." Application of Libby, 255 F.2d 412 (Ct. Cust. & Pat. App.—1958). As we have seen the McCourt patent pointed out the numerous variables to be considered. It told us how to compensate for these variables by changing either the diameter or the number of holes according to the variable affected. Finally, he taught that to correctly correlate a number of variables one had to resort to empirical experimentation. Therefore, given correct information on a set of variables and using this teaching, it appears to us that a mechanic could well construct a burner within the "about 20%" minimum ratio set out by Schwank. This opinion is to a large degree confirmed by one of plaintiffs' own expert witnesses and by the record fact that it is the McCourt method of empirical experimentation that is followed by the industry today when confronted with an untested variable. It is our conclusion that since a mechanic would be able to construct a burner following only the teachings of the prior McCourt patent, and the burner so constructed could well fall within all of the specifications and claims of the later Schwank patent, Schwank was not entitled to patent protection. If we were to hold otherwise, McCourt himself would be deprived of the right to exploit his invention in the face of the later Schwank patent. Such is clearly not the law. Therefore, it is our opinion that the burner described in the Schwank patent '294 "would flow naturally from the teaching of the prior art" and as such lacked the necessary "novelty" for patentability under 35 U.S.C. § 102(a).

Even were we to assume arguendo the ratio specified by Schwank as a minimum was not first taught in principle by McCourt, we do not believe that the addition of a few more holes per block or increasing the diameter of

the existing holes can be considered "a creation of the inventive faculty" as set out in *Aro Equipment Corporation* v. *Herring-Wissler Co.*, 84 F.2d 619, 622 (8 Cir. 1936). In fact in applying the test of "obviousness" as promulgated by the Supreme Court in the *Graham* case, supra, we believe that such an advance, if any, would have been obvious at the time it was made to a person having ordinary skill in the art. The "obviousness" of Schwank's step is further emphasized when viewed in the light of McCourt's patent which clearly taught variation in the number and diameter of the perforations. We have held in the past and we continue to hold that "invention will not be decided on the narrow issue of degree", and that the mere changing of form, proportions, or size will not alone constitute "invention." *Swenson* v. *Boos*, 156 F.2d 338 (8 Cir. 1946). This is true even though the change brought about better results. *Midland Flour Milling Co.* v. *Bobbitt*, 70 F.2d 416 (8 Cir. 1934). Society has an interest to protect in patent litigation and its interests demand that the complete protection afforded by a patent not be allowed for petty, insignificant, and obvious advances. *Cuno Engineering Corp.* v. *Automatic Devices Corp.*, 314 U.S. 84 (1941); *Ditto, Incorporated* v. *Minnesota Mining & Manufacturing Co.*, 336 F.2d 67 (8 Cir. 1964). Therefore, we conclude that even if "novel", patent '294 lacked the necessary "invention" or "non-obviousness" required by 35 U.S.C. § 103 and *Graham* v. *John Deere Company of Kansas City*, supra.

Though not to be considered as prior art, we could not help but note the decision of the patent offices of the countries of Western Germany and the Netherlands which were in evidence before the trial court. In lucid opinions following adversary type proceedings the patent offices of these two countries denied to Schwank a patent on a burner plate identical to the '294 patent. In March 1955 the German Patent Office denied Schwank a patent primarily on the basis of the McCourt patent. In a Septem-

ber 1959 decision the Netherlands Patent Office concluded "that the burner according to the application was known from Keller's paper." "[T]he application does not * * * contain any other indications than those already given by Keller." These decisions, while certainly not controlling, are evidence on the factual issue of "invention."

In reaching our conclusions herein we have not been unmindful of the rule set out in *Rota-Carb Corporation* v. *Frye Manufacturing Co.*, 313 F.2d 443 (8 Cir. 1963), that the issue of whether an improvement constitutes mere mechanical skill or involves the exercise of invention is a question of fact which is conclusive unless clearly erroneous. In the first place the validity of the Schwank patent did not revolve solely around the issue of "invention" versus "mechanical skill." Involved first was the question of "novelty" as set out in 35 U.S.C. § 102 (a). A determination of this issue involved primarily a comparison of the prior McCourt patent with the later Schwank patent to ascertain if the teachings of the former were repeated in the latter. We concluded after making such a comparison that the Schwank device was in fact fully described in the McCourt patent and thus lacked the necessary "novelty" of patentability. Such a determination was based upon an examination and interpretation of two legal documents to determine if the statutory requirements of patentability had been fulfilled. Inasmuch as these documents are equally available to this Court, we do not believe that the trial court's particular interpretation is a factual conclusion binding under Rule 52 (a). The appellate court has the perogative to interpret the exhibits for itself. *Nicholson* v. *Carl W. Mullis Engineering and Mfg. Co.*, 315 F.2d 532, 536 (4 Cir. 1963); *New Wrinkle, Inc.* v. *John L. Armitage & Co.*, 277 F.2d 409, 412 (3 Cir. 1960); *Kiwi Coders Corporation* v. *Acro Tool & Die Works*, 250 F.2d 562, 568 (7 Cir. 1957).

Secondly, the part of the trial court's decision which found the element of "invention" in the Schwank patent we believe was induced by an erroneous view of the law. Even accepting "invention" as being a question of fact,[4] application of erroneous standards of invention or misconceptions as to the applicable law, in themselves make factual conclusions of patentability clearly erroneous. *Great Atlatnic and Pacific Tea Co.* v. *Supermarket Equipment Corp.*, 340 U.S. 147 (1950); *Selmix Dispersers, Inc.* v. *Multiplex Faucet Co., Inc.*, 277 F.2d 884 (8 Cir. 1960).

There can be no doubt that the trial court applied an erroneous standard of invention in determining the validity of the Schwank patent. The trial court stated "A new combination resulting in improved construction which brings forth a new and more efficient result than prior art devises is patentable." The Supreme Court in the *Graham* case determined on this issue that a somewhat similar standard was incorrect and held that the "test of obviousness" was the *only* correct test to be applied in determining whether a new combination of known components amounts to "invention." The decision of the trial court clearly indicates that no standard of obviousness was applied.

Furthermore, in reaching its decision the trial court seemed to rely heavily on two conclusions of law. On the basis of 35 U.S.C. § 282 the trial court correctly ruled that the Schwank patent was presumed valid. Defendant, if

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[4] There is considerable doubt that "invention" should always be treated as a question of fact. See: 2 Deller's Walker on Patents § 105 (2nd Ed. 1964) pg. 67. *United States* v. *Esnault-Pelterie*, 303 U.S. 26, 30 (1938); *Sbicca-Del Mac. Inc.* v. *Milius Shoe Co.*, 145 F. 2d 389, 396 (8 Cir. 1944); *Rohr Aircraft Corporation* v. *Rubber Teck, Inc.*, 266 F. 2d 613, 618 (9 Cir. 1959); *Hanovia Chemical & Mfg. Co.* v. *David Buttrick Co.*, 127 F. 2d 888, 890 (1 Cir. 1942); *Fritz W. Glitsch & Sons* v. *Wyatt Metal & Boiler Works*, 224 F. 2d 331, 335 (5 Cir. 1955); *Nickerson* v. *Bearfoot Sole Company, Inc.*, 311 F. 2d 858, 882 (6 Cir. 1962).

said must bear a "very heavy burden" in overcoming this presumption of validity. Due to the conflict of expert testimony, the court said, that defendants had failed to shoulder this "very heavy burden." As a second point the trial court placed heavy emphasis on the commercial success of the Schwank commercial burner and on the fact that the McCourt burner did not work properly. Under the unique circumstances of this case we believe that the trial court's heavy reliance on the above law was misplaced.

Although a patent is presumably valid, the ultimate question of patentability is for the courts. *Continental Farm Equipment Co., Inc.* v. *Love Tractor, Inc.*, 199 F.2d 202 (8 Cir. 1952). This rebuttable presumption cannot be allowed to stand in the face of compelling contrary facts as we have herein. In such a case the court is not obliged to yield its judgment to a presumption which merely arises from the patent itself. *Crosley Corporation* v. *Westinghouse Electric & Mfg. Co.*, 152 F.2d 895 (3 Cir. 1945).

Not only has this presumption of validity been overcome by the great weight of the evidence, but perhaps of prime importance, the presumption itself has been very much weakened, if not completely destroyed, by defendants' proof of pertinent prior non-considered art. We have already seen that the McCourt patent is an extremely relevant prior art reference. Even by plaintiffs' own charts in evidence McCourt is far more relevant than any art cited by the patent examiner. In addition, there were introduced the Keller and Trinks articles which demonstrate general principles later incorporated in the Schwank patent. It is clear that none of this very pertinent art was before the patent examiner when he granted the Schwank patent. Even without the benefit of this very pertinent art the patent office only granted Schwank his patent after considerable debate, hesitation, and discussion. Therefore, we have before us a borderline case in a

crowded art, in which three pieces of extremely relevant prior art were not before the patent office. In such a case we believe that there is every possibility that the prior art of McCourt, Keller, and Trinks would have heavily tipped the scales against the granting of the patent had this prior art been known to the patent examiner. With a showing that this most relevant of all prior art was not considered by the patent office, we believe the normal presumption of validity was greatly weakened if not completely destroyed. *L. S. Donaldson Company* v. *La Maur, Inc.*, 299 F.2d 412 (8 Cir. 1962); *Heyl & Patterson, Incorporated* v. *McDowell Company*, 317 F.2d 719 (4 Cir. 1963); *Cornell* v. *Adams Engineering Company*, 258 F.2d 874 (5 Cir. 1958). In fact it is difficult to imagine how a patent has any presumption of validity over pertinent prior art references when these references were not before the patent examiner. *A. R. Inc.* v. *Electro-Voice Incorporated*, 311 F.2d 508 (7 Cir. 1962); *Rohr Aircraft Corporation* v. *Rubber Teck, Inc.*, 266 F.2d 613 (9 Cir. 1959); *Mohasco Industries, Inc.* v. *E. T. Barwick Mills, Inc.*, 221 F. Supp. 191 (N.D. Ga. 1963) affirmed per curiam 340 F.2d 319 (5 Cir. 1965). Therefore, we are no longer dealing with a strong presumption of validity on the part of the Schwank patent, but with a presumption of validity that was greatly weakened. In such a situation the defendants obviously do not have to bear the heavy burden necessary to overcome a presumption at its full strength.

As a second pillar for its decision the trial court placed great reliance on plaintiffs' commercial success. As applied to the facts of this case, we believe that this reliance, too, was misplaced. While we recognize that a court may consider this factor, it certainly is not a prime consideration. Commercial success without invention undoubtedly cannot support a patent. *Great Atlantic and Pacific Tea Co.* v. *Supermarket Equipment Corp.*, supra; *Jungersen* v. *Ostby & Barton Co.*, 335 U.S. 560 (1949). While commercial success may help in close questions, commercial

success is certainly not decisive within itself. *L. S. Donaldson Company* v. *La Maur Inc.*, 299 F.2d 412 (8 Cir. 1962); *Tropic Aire, Inc.* v. *Sears Roebuck & Co.*, 44 F.2d 580 (8 Cir. 1930). The relevancy of "commercial success" is based upon the assumption that public acceptance of a device is indicative of that device's novelty and invention over prior art in the field. Therefore, when explanations other than invention are brought forth to indicate reasons for the commercial success, the evidentiary weight of this factor is all but destroyed. *Day-Brite Lighting, Inc.* v. *Sandee Manufacturing Co.*, 286 F.2d 596 (7 Cir. 1960); 69 C.J.S. Patents § 70 at pages 323-324. We believe that there are many explanations for plaintiffs' commercial success other than the claimed invention or novelty of this particular patent.

In the first place there are a number of explanations why the McCourt burner never achieved financial success. In 1915 there was difficulty in mass producing on today's scale. The record contains evidence that McCourt's procedure for making these tiles was necessarily crude and time consuming. This, in itself, would make successful marketing unlikely. Secondly, it appears from the record that there was no widespread availability of inexpensive and constant quality gas until relatively recent times, which too would inhibit commercial exploitation of the device. Finally, there is every likelihood that in McCourt's time our society had not developed to the point where there was a substantial demand or market for radiant gas burners.

On the other side of the picture there are even more numerous explanations for the particular commercial success of plaintiffs. Perhaps foremost among these is the fact that the chemical composition and manufacturing process of the ceramic tile is a trade secret of plaintiffs not covered by the patent. In addition plaintiffs have made many modifications in the housing unit that, of

course, are not covered by this patent. For instance we find a reduction in the size of the mixing chamber as found in patent '830 and many other non-patented modifications in the internal arrangement of the unit. In addition we see the addition of metal reflectors and protective screen. All of this has contributed to the effective and efficient operation of the burner, yet none are related to the invention of the patent in question. We also note that the burner plate used by plaintiffs vary markedly from the figures set forth in their patent. In addition we see that plaintiffs manufacture various sizes and types of burners thus appealing to a wide market. Some of the burners are very large, designed for use in industrial heating, and using natural gas as a fuel. Others are very small, use bottled gas, and are designed to warm the hands of the outdoor sportsman. In association with this adaptation to various uses, plaintiffs have undertaken an extensive advertising and promotion campaign. They have developed different models of burners for various uses and have extensively advertised and energetically promoted these markets. Last, but not least, plaintiffs have developed an organization for the manufacture and sale of these devices that is international in scope.

There being numerous explanations for the commercial success of plaintiffs' burner, it is difficult, to say with any force that this success was due to the invention of the burner plate patent. Under the circumstances, commercial success is not a weighty factor in deciding the issue of patentability.

Finally, the trial court seemed to be strongly influenced by the feeling that the McCourt device did not work. Plaintiffs' evidence of the unworkability of the McCourt burner is far from being conclusive. In his patent, McCourt gave every indication that it worked properly, describing with particularity the red glow. The tests conducted by plaintiffs' experts, indicated that it did not

work as well as plaintiffs' burner, but nonetheless did admit that it did gain some incandescence. Finally, as taught by McCourt the type of block for successful use will greatly be influenced by the type of gas you utilize. Knowing this, there is nothing to indicate that the tests conducted by plaintiffs in their laboratory or the tests conducted before the court utilized the type of gas necessary for the successful operation of the burner under the circumstances.

Furthermore, even if we accept the proposition that the McCourt burner did not work, we do not believe that undue emphasis should be placed on this factor. Even an unsuccessful effort to embody the concept will suffice as invention so long as this effort discloses that the inventive idea was complete. Anticipation is not avoided by showing of lack of prior success if all that remains to be done to make the device successful are changes involving the application of mere mechanical skill. *Simmons* v. *Hansen*, 117 F.2d 49 (8 Cir. 1941); 1 DELLER'S WALKER ON PATENTS § 57 (2nd Ed. 1964) at page 240.

It is our conclusion, therefore, that the Schwank patent '294 is invalid for want of "novelty"; and even if novel, the patent certainly lacked the necessary "invention." The trial court's finding on this point is clearly erroneous in light of the evidence and in view of an application of erroneous standards of invention, and therefore must be reversed. Rule 52 (a), Fed. R. Civ. P. Since '294 is invalid as a matter of law, the question of infringement is rendered moot. There can be no infringement upon an invalid patent. *Ditto Incorporated* v. *Minnesota Mining & Manufacturing Company*, 336 F.2d 67 (8 Cir. 1964).

'830 Validity

Having thus disposed of patent '294 (burner plate), we now must determine the validity of the '830 (housing unit) patent. Defendants assert a statutory bar against the '830 patent based on 35 U.S.C. § 102 (d). Apparently the

inventor Gunther Schwank had the device, structure, or design of the burner housing which is the basis of the '830 patent also patented in Germany under a Gebrauchsmuster which is a lesser type of patent issued for petty or useful models and designs. Defendants contend that, if Gebrauchsmuster No. 1,660,844 issued to Schwank is a patent, United States Patent '830 is invalid under provisions of 35 U.S.C. § 102(d) which holds in its pertinent part:

> "Sec. 102 A person shall be entitled to a patent unless—
>
> "(d) The invention was first patented . . . in a foreign country prior to the date of the application for patent in this country on an application filed more than twelve months before the filing of the application in the United States,"

This contention is correct. It is admitted that the Gebrauchsmuster application was made in Germany on May 22, 1953 which is more than twelve months prior to the application in the United States on October 28, 1954. The registration was effective or granted on July 9, 1953 with the name of the inventor, title, and registration number being published in the Patentblatt (Official Journal) on August 6, 1953. Obviously then the Gebrauchsmuster was granted prior to the United States application in October 1954. Although plaintiffs make some contention that defendants have not shown that the exact type of structure as is represented in the '830 patent is the basis of the Gebrauchsmuster, we feel that the record clearly discloses that the structures are the same.[5] In fact Schwank in his '830 application stated:

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[5] A comparison of the drawings and disclosures of Gebrauchsmuster No. 1,660,844 (Ex. S-1) with the original application claims and drawings of the '830 show conclusively that the same device of a gas burner housing is the basis for both the Gebrauchsmuster and patent '830.

"That no application for patent on this invention or discovery has been filed by me * * * in any foreign country * * * except as follows: Germany May 22, 1953."

The crucial premise, therefore, is whether a Gebrauchsmuster is a patent within the meaning of aforesaid § 102(d). If it is, § 102(d) is a statutory bar to its validity. The District Court did not consider or rule on this issue.

Unlike the law in this country in which we generally only have one class of patent covering all types of patentable structures, processes, or compositions of matter,[6] Germany has two distinct classes of invention protection. It appears that in Germany the standard as regards patentable invention for regular patents is very high, making it difficult to secure such a patent for minor or simpler inventions. To meet this situation the Gebrauchsmuster law was adopted as supplementary legislation to give a measure of, though limited, protection to useful or petty models which do not possess a sufficiently high standard of invention to meet the requirements of the regular patent laws. Gebrauchsmusters, however, cover only structures, not processes, formulas, or compositions of materials; and there is no examination by the patent office for novelty, thus leaving the question of novelty to first arise when suit is brought.

In addition to being an important and integral part of the patent law of Germany it is apparent that the Gebrauchsmuster has the elements of the more conventional form of patent. The rights granted an inventor under the Gebrauchsmuster law gives a monopoly for a term of three years, renewable for an equivalent period, thus giving a total of six years of protection. The Gebrauchs-

[6] The exception being ornamental design patents under 35 U.S.C. §§ 171-173.

muster gives the inventor the exclusive right of use of the article and to recover damages for infringement, with the claims made and accepted measuring the scope of the protection afforded. There is even a limited publication of the Gebrauchsmuster. If the application is granted, the title, inventor, date and file number are published in the official Patentblatt. Though specifications and drawings are not disclosed in any official publication, the application which contains the specifications, drawings and claims is registered and the entire file is open to public examination in the patent office.

There are no judicial cases indicating how a Gebrauchsmuster should be treated under the provisions of § 102 (d), and only scant authority as to how Gebrauchsmusters are to be treated under other provisions of our patent law. What authority there is, however, seems to indicate that the Gebrauchsmuster should be treated as a foreign patent. Judge Lindley in *Permutit Co.* v. *Graver Corporation*, a District Court decision reported at 37 F.2d 385 (N.D. Ill. 1930) observed at page 390:

> "Evidently a Gebrauchsmuster is a patent within the meaning of the federal statute, as Judge Haight said in the case of *Safety Gas Lighter Co.* v. *Fischer Bros. & Corwin* (D.C.) 236 F. 955, 962: 'The rights conferred on an inventor by a German Gebrauchsmuster, except as to time, seem to be quite as extensive as those guaranteed by a patent in this country. Its grant is the act of the government. Although only the title is published, in the sense that it is printed in an official publication, the specifications and drawings of the patent are open and accessible to the public, as are also the claims, which measure the scope of the protection afforded to the inventor, as soon as the title, date of application, and registration are published in the Patentblatt. As it is not essential that a foreign patent, to have the effect

> mentioned in section 4886 of the Revised Statutes, should be printed, but that the act of the officials in granting it and accessibility of its disclosures to the public are the decisive factors, I am at a loss to understand how the fact that only a title is printed, or how the scope of the invention which it protects, or that the examination made in the Patent Office before it is granted is limited, can have any effect on it under our laws.' "

This case was affirmed by the Seventh Circuit, 43 F.2d 898 on other grounds and affirmed by the Supreme Court at 284 U.S. 52. Certiorari was apparently granted by the Supreme Court because of holdings in other Circuits which had sustained the patent in question. Speaking for the Court, Mr. Justice Brandeis held the patent invalid without discussing the force and effect of a German Gebrauchsmuster.

In *Safety Gas Lighter Co.* v. *Fischer Bros. & Corwin*, 236 Fed. 955 (D.C.,D.N.J., 1916), affirmed 247 Fed. 1005 (3 Cir. 1918), the Court held a Gebrauchsmuster was available as a reference to anticipate and limit a later United States Patent and should be considered as part of the prior art.

Of considerable interest to us is the position of the United States Patent Office in regard to Gebrauchsmusters. It appears that for many years the Patent Office has treated the Gebrauchsmuster as a patent. This policy is illustrated by a discussion in the Official Gazette under date of November 2, 1965. In discussing the status of the Gebrauchsmuster the Gazette reads:

> "1. Right of priority.—An application for a Gebrauchsmuster is considered to be an application for a patent in a foreign country, and consequently the right of priority of 35 U.S.C. 119 can be based upon such an application. This was decided by the Board

of Examiners-in-Chief (now Board of Appeals) in 1908 * * * and has been consistent practice ever since."

"3. Prior patents.—The Examiners may use the Gebrauchsmuster, however, as a prior patent effective as of the date of registration, in the same manner as they would use the patents of countries which do issue specifications in printed form; * * *"

After making reference to *Ex Parte Smith* 82 USPQ 83 (Board of Appeals) which held that Gebrauchsmusters were not patents under § 4886 (present § 102(a)(b)(c)), it said:

"* * * [B]ut after this decision [Ex Parte Smith] Examiners have nevertheless used Gebrauchsmusters as prior patents, after consultation with the Solicitor's office, to reject applications or dissolve an interference for unpatentability of the counts."

The Gazette then sets forth an amendment to § 901.05 (b) of the Patent Regulations by adding the following after the second paragraph on page 139:

"German Utility Models (Gebrauchsmuster) may be used as references as prior patents, but not as prior printed publications, effective as of their registration date. When necessary the Librarian will obtain the complete text of the specification from the German Patent Office. * * *"

From the entire publication we believe that it has been the past and the present practice of the Patent Office to treat the Gebrauchsmuster as a patent. We are not giving any retroactive effect to the recent amendment. We only believe that this amendment and the accompanying explanation codify what has been the historical practice of the Office when confronted with a Gebrauchsmuster.

Section 119 of Title 35 establishes a right of priority for foreign filed patents. Its pertinent part states:

> "An application for patent for an invention filed in this country by any person who has, * * * previously regularly filed an application for a patent for the same invention in a foreign country * * *, shall have the same effect as the same application would have if filed in this country on the date on which the application for patent for the same invention was first filed in such foreign country, if the application in this country is filed within twelve months from the earliest date on which such foreign application was filed; but no patent shall be granted on any application for patent for an invention which had been patented * * * more than one year before the date of the actual filing of the application in this country, * * *."

As we have seen it has long been the policy of the Government, both through international convention and internal policy to treat the Gebrauchsmuster as a patent entitled to the priority granted under § 119. Since the Gebrauchsmuster is considered a patent for the purpose of § 119 in obtaining the benefit of an earlier filing date to establish its priority, the same construction should be placed on the word "patent" as used in § 102(d). It is receiving the advantage of being a patent under § 119, therefore, it should be subject to the disadvantages imposed under that same section and under § 102(d).

The word "patent" has many general connotations and nuances but must be considered in the context in which it is used by Congress in implementing the Constitutional grant of authority conferred by Article I, Section Eight, Par. 8 of the Constitution: "To promote the progress of science and useful arts, by securing, for limited times to authors and inventors the exclusive right to their respec-

tive writings and discoveries." As used by Congress in the different sections dealing with the establishment of a patent system we must apply the particular connotation, which is to a certain extent a word of art, that would make effective the Congressional intent. Webster's New World Dictionary defines "patent" as (among other definitions) "n.l. A document open to public examination and granting a certain right or privilege; letters patent; especially, a document granting the monopoly right to produce, use, sell, or get profit from an invention, process, etc. for a certain number of years." Black's Law Dictionary generally defines a patent as "A grant of some privilege, property, or authority, made by the government or sovereign of a country to one or more individuals." The German Gebrauchsmuster falls within these accepted definitions of a patent.

We note that Congress made no differentiation in the type of foreign patent that would be affected by the statutes. Therefore, we may assume that Congress intended to include in the term "patents" all foreign patents that fall within the well known classical definitions. Obviously the length of the period of protection is not decisive on this issue. Each country has the right to its own view and policy on this point. In fact our policy as expressed by Congress has changed, once granting only fourteen years of protection, now granting seventeen years; and is susceptible to further variation as a matter of legislative policy. Our Constitution commands no precise length of time, only "limited times." Therefore, as a matter of policy or Congressional intent it would not seem that the brevity of the Gebrauchsmuster would alter its essential nature.

For the above reasons we have concluded that a Gebrauchsmuster is a foreign patent within the purposes of § 119 and § 102(d). It is an important part of the German patent system. It has all of the attributes normally at-

tributed to a patent which include an application setting forth claims, protection granted by the Government for a limited time, a right of action in the inventor to protect the invention against infringement, notice to the public in an official publication, and availability to the public of the specifications and claims. Furthermore, the Gebrauchsmuster falls within the general definition of "patent" in that it does command a sovereign grant of right of exclusive use for limited periods. Finally, the United States Patent Office has long treated it as a patent, granting it full rights of priority, with there being no statutory or Constitutional policy which would deny a lesser form of patent the force of a regular patent. We are, therefore, of the opinion that the Gebrauchsmuster No. 1,660,844 obtained by Schwank prior to his United States application on an application filed more than twelve months before the United States filing is a patent within the meaning of the patent law and as such is a statutory bar to the validity of patent '830 under 35 U.S.C. § 102(d).

Defendants have also argued the patent's invalidity due to want of invention (35 U.S.C. § 103), absence of proper oath (35 U.S.C. § 115), and lack of definiteness in description (35 U.S.C. § 112). We are of the opinion that none of these arguments possess substantial merit. Our above holding, however, renders these questions moot and consequently they will not be discussed further.

'830 Infringement

Since we have held patent '830 to be invalid because of 35 U.S.C. § 102(d) any discussion of infringement is normally unnecessary because there can be no infringement of an invalid patent. Nonetheless, we would like to make a brief observation on this point. We believe that the trial court's finding of no infringement was proper. Though the Lambert burner manufactured by defendants is visibly similar to plaintiffs' structure, the depth of de-

fendants' device is greater than the diameter of the mixing tube. Inventor Schwank, however, conditioned each of his claims on the "depth of the said dish-shaped body member between said wall and said flat fuel-outlet burner means being not substantially greater than the diameter of the said mixing tube. . . ." After being denied a patent by the Examiner, Schwank appealed to the Board of Appeals emphasizing this particular dimensional characteristic. The Board was favorably impressed and primarily on the basis of this dimensional achievement the patent was granted. Therefore, plaintiffs having been granted a patent in a very crowded field of art on the very narrow ground of dimensional variation are not in an equitable position to object when another party substantially varies these dimensions. *Smith* v. *Mid-Continent Inv. Co.*, 106 F.2d 622 (8 Cir. 1939). A person having a valid patent only by virtue of narrowly limited and strictly construed claims cannot expect the courts to construe a broad interpretation of the patent in order to find infringement. *Dominion Magnesium Limited* v. *United States*, 320 F.2d 388 (Ct.Cl. 1963); *Industrial Instrument Corporation* v. *Foxboro Company*, 307 F.2d 783 (5 Cir. 1962). Under the circumstances of this case we believe that even if the patent were valid, plaintiffs have not borne their burden of proving infringement

Anti-Trust Counterclaim

As a conterclaim for affirmative relief defendants have alleged, that the licensing agreement between plaintiffs, American Infra-Red and Hupp Corporation, is a violation of the anti-trust law entitling them to treble damages.

We observe from the record that American Infra-Red, as the assignee of the inventor, granted to Hupp Corporation a so-called nonexclusive license to manufacture and sell radiant gas burners within the claims and specifications of patent '830. With the granting of this license

Hupp agreed to purchase all of the tile (patent '294) that was resold to third parties or used in the manufacture of the burner from American Infra-Red.[7] Since there was no apparent payment for the license nor any agreement to pay royalties it would seem that the consideration for the license was Hupp's agreement to purchase all the necessary tile exclusively from American Infra-Red. This agreement, then, has the appearance of an exclusive dealing contract which was "tied", as a condition, to the issuance of the license. It is well known that exclusive dealing contracts, especially when tied to the lease or sale of another product, while admittedly not illegal per se, are carefully scrutinized by the courts. "When the effect of such arrangements 'may be to substantially lessen competition or tend to create a monopoly' they are made unlawful by section 3 of the Clayton Act." 2 TOULMIN'S ANTI-TRUST LAWS, § 15.7 (1950).

We note, however, that proof of an isolated violation of substantive law will not entitle defendants to an affirmative recovery. Before a party is entitled to recover treble

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[7] The pertinent part of the licensing agreement dated July 1, 1956 is as follows:

"American Infra-Red hereby grants and agrees to grant to Hupp the following:

"(a) A royalty free, non-exclusive license to use and/or sell said radiant plates ['294] and a royalty free, non-exclusive license to make, have made, use and/or sell said gas burning equipment ['830] (but not including the license to make or have made said radiant plates, * * *)."

Section (b) provides that Hupp has the right to make or have made the radiant plates in the event that American Infra-Red is unable to supply them in the prescribed numbers. The pertinent part of the sales agreement dated July 1, 1956 is as follows:

"Buyer agrees to purchase and Seller agrees to sell to Buyer * * * all said radiant plates required for use or replacement in radiant gas burners * * * made by or for Buyer and all said radiant plates which Buyer resells to third parties."

damages he must be able to plead and prove actual monetary injury to his business or property resulting from the illegal act. 15 U.S.C., § 15; *Duff* v. *Kansas City Star Company,* 299 F.2d 320 (8 Cir. 1962). It has long been the law that damages which are purely speculative, remote, or based upon conjecture cannot serve as a base for antitrust recovery. *Siegfried* v. *Kansas City Star Company,* 298 F.2d 1 (8 Cir. 1962). Although the mere difficulty of exact proof will not deprive a party of relief, still damages to be awarded must be susceptible of expression in figures founded upon some reasonable basis of computation. *National Wrestling Alliance* v. *Myers,* 325 F.2d 768 (8 Cir. 1963).

The trial court held, "That there has been a failure of proof required to establish any violation of either the Sherman Act * * * or the Clayton Act * * * that would permit awarding damages to Defendants. Both of these Acts require damages to be proved beyond any evidence submitted and relied upon by Defendants." Upon reviewing the evidence and the arguments in this case we are in agreement with the finding of the trial court. Defendants have, indeed, failed to produce any concrete evidence of monetary damage and as a consequence are not entitled to recovery.

As an element of damage defendants have argued that the agreement between American Infra-Red and Hupp has precluded them from selling tiles to Hupp. This allegation, however, does not serve as a basis for computing monetary loss. This mere reiteration of the substantive charge leaves the finder of fact completely at sea without any guide for effective assessment of actual injury. Defendants have produced no facts or figures as to how much business was lost due to being precluded from this part of the market or how many tiles they would have sold to Hupp had it not been for this agreement. The finding of monetary damage, under the circumstances,

would have to be purely speculative and without evidentiary support in the record. Something more definite than this must be produced to show actual injury to defendants' business or property.

As a second point defendants allege that the expense of defending the patent infringement segment of this litigation could serve as a basis for awarding treble damages and cite three cases in support of this theory. *Clapper* v. *Original Tractor Cab Company,* 270 F.2d 616 (7 Cir. 1959); *Kobe, Inc.* v. *Dempsey Pump Co.,* 198 F.2d 416 (10 Cir. 1952); *Dairy Foods, Incorporated* v. *Dairy Maid Products Cooperative,* 297 F.2d 805 (7 Cir. 1961).

In examining this contention we see that the statute, which affords the private cause of action, clearly requires a causal connection between the "injury in his business or property" and the anti-trust violation. 15 U.S.C. § 15;[8] *Royster Drive-In Theatres, Inc.* v. *American Broadcasting-Paramount Theatres, Inc.,* 268 F.2d 246 (2 Cir. 1959) cert. denied 361 U.S. 885. It follows, therefrom, that the expense of defending a patent infringement suit could not be considered as a per se element in determining treble damages in an anti-trust counterclaim. As stated in the *Kobe* case, supra, cited by defendants at p. 425, "[I]f there was nothing more than the bringing of the infringement action, resulting damages could not be recovered. * * *." In order, therefore to recover damages the law requires there be a showing of a causal connection between the infringement suit and the anti-trust activities. Upon a showing that the infringement litigation was initiated as part of the illegal scheme, it is conceivable that its defense could be considered as an "injury" under the anti-trust statutes. This, in fact, is exactly what defendants' cases say. Patent litigation expense may only be considered in anti-

[8] 15 U.S.C. § 15 provides in part: "Any person who shall be injured in his business or property by reason of anything forbidden in the anti-trust laws may sue * * *."

trust counterclaims, "Where an infringement suit is brought as part of and in furtherance of a combination and conspiracy * * *." *Dairy Foods, Incorporated* v. *Dairy Maid Products Cooperative*, 297 F.2d 805, 809 (7 Cir. 1961). Therefore, whenever the patent litigation is initiated pursuant to a lawful purpose and there is no causal connection between the bringing of the action and the illegal conduct, the cost of the defense of the suit cannot become an element of damage which is tripled under the Clayton Act. See, *Malta Manufacturing Company* v. *Osten*, 215 F.Supp. 114 (E.D.Mich. 1963).

Applying this law to the facts of this case, there is no indication that the initiation of this suit was inspired by any monopolistic conspiracy or was a veiled attempt to unjustly drive plaintiffs' competitors to the wall. In fact, all indications point out that this suit was brought with clean hands in a good faith attempt to protect plaintiffs' patent rights, which they were fully entitled to do under the patent law. Indeed, the trial court specifically found that plaintiffs had been guilty of no patent misuse in the initiation of this suit. Further, it is our belief that this litigation was not precipitated by any monopolistic activity, but rather the dispute over the validity and infringement of these patents would have existed regardless of the particulars of the licensing agreement between the individual plaintiffs. The defense of this suit is, therefore, an expense attributable, not to the allegedly illegal contracts but solely to a dispute over the two patents. There being no proof of any causal connection between the patent litigation and the allegedly illegal contracts, and it not being shown that the suit was initiated in furtherance of any monopolistic scheme or conspiracy, we believe that defendants have failed to prove these litigation expenses are anti-trust damages.

In addition we recognize the fact there is authority that no patent litigation expense may be recovered as

treble damages in an anti-trust counterclaim. The leading case taking this approach is *Straus* v. *Victor Talking Machine Co.*, 297 F. 791 (2 Cir. 1924) and cited with approval by *Malta Manufacturing Company* v. *Osten*, 215 F. Supp. 114 (E.D.Mich. 1963). The rationale of these cases is that allowance of such a recovery would inhibit free resort to the courts.

Although we do recognize the abstract possibility that the contractual arrangements of plaintiffs, in their totality, might come into conflict with provisions of the anti-trust law, we have based our decision herein solely upon the trial court's finding of no damages. We affirm judgment of the trial court on the basis that the ruling was not clearly erroneous. In no way is our decision to be interpreted as indicating whether we believe there has been a substantive violation of the anti-trust law. On this basis the judgment of the trial court on this issue is affirmed.

Costs

The trial court ruled that each party was to bear his own costs and disbursements. In view of the outcome of this appeal it is our conclusion that this division of costs should be modified.

Neither party has prevailed in his claim for affirmative relief. We have held both of plaintiffs' patents invalid, and even if not invalid aside from the statutory bar patent '830 could not be considered infringed upon. Defendants, on the other hand, have wholly failed to prove damages which would entitle them to recover on the anti-trust counterclaim. In this connection we observe that the bulk of this litigation was devoted to the patents, their validity and infringement, with only a minority of the courts' and parties' time being directed to the anti-trust allegations. We believe, therefore, that three-fourths of the cost of printing 30 copies of the record shall be borne by and assessed against plaintiffs, who initiated the pat-

ent litigation, and the remaining one-fourth of said cost shall be borne by and assessed against defendants, who are responsible for the anti-trust litigation.

Plaintiffs' appeal No. 18054 seeks reversal of the portion of the District Court's judgment finding no infringement upon the patents. Since we have held that U.S. Patents No. 2775294 and No. 2870830 are invalid and an invalid patent cannot be infringed, the awarding of judgment to defendants-appellees on the patent infringement action is affirmed.

Defendants' appeal No. 18055 seeks reversal of the portions of the District Court's judgment holding the two patents to be valid and denying relief on the anti-trust counterclaim. For the reasons set out herein the District Court's determination of validity is reversed and its denial of relief on the counterclaim is affirmed.

Therefore, on the patent infringement suit judgment shall be entered in favor of defendants-appellants on the basis that the patents in question are invalid. On the anti-trust counterclaim judgment shall be entered in accordance with the judgment of the District Court in favor of plaintiffs-appellees on the basis of failure of proof on damages.

Affirmed in part. Reversed in part.

A true copy.

Attest:

Clerk, U. S. Court of Appeals, Eighth Circuit.

Judgment of the Circuit Court of Appeals dated June 7, 1966

(Judgment)

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

September Term, 1965

No. 18,054

American Infra-Red Radiant Co., Inc., a Delaware Corporation, and Hupp Corporation, a Virginia Corporation,
Appellants,

vs.

Lambert Industries, Inc., a Minnesota Corporation, Industrial Ceramics, Inc., a Minnesota Corporation, and Agard L. Lambert,

and

No. 18,055

Lambert Industries, Inc., a Minnesota Corporation, Industrial Ceramics, Inc., a Minnesota Corporation, and Agard L. Lambert,
Appellants,

vs.

American Infra-Red Radiant Co., Inc., a Delaware Corporation, and Hupp Corporation, a Virginia Corporation.

Appeals from the United States District Court for the District of Minnesota

These causes came on to be heard on the record from the United States District Court for the District of Minnesota, and were argued by counsel.

On Consideration Whereof, It is now here Ordered and Adjudged by this Court that in case No. 18054, on the appeal from that portion of the judgment of the District Court

finding no infringement upon the patents involved, Nos. 2775294 and 2870830, the awarding of judgment by the said District Court to defendants-appellees on the patent infringement action be, and is hereby, affirmed, (on the basis that both patents are invalid).

It is further Ordered and Adjudged by this Court that on the appeal in case No. 18055, the judgment of the said District Court as to determination of the validity of the patents be, and is hereby, reversed.

And it is further Ordered and Adjudged by this Court that in case No. 18055, the denial of relief by the District Court on the Counterclaim be, and is hereby, affirmed.

And it is further Ordered by this Court that three-fourths of the total cost of printing the records in this Court be taxed against the plaintiffs, American Infra-Red Radiant Co., Inc., a Delaware corporation, and Hupp Corporation, a Virginia Corporation, and inasmuch as said plaintiffs have expended the sum of Eight Thousand Four and 91/100 (8,004.91) Dollars for printing its record, including exhibit volumes, and the defendants, Lambert Industries, Inc., a Minnesota corporation, Industrial Ceramics, Inc., a Minnesota corporation, and Agard L. Lambert, have expended the sum of One Thousand Five Hundred Six and 40/100 ($1,506.40) Dollars for printing its supplemental record, including exhibit volumes, the plaintiffs will therefore recover against the defendants the sum of Eight Hundred Seventy-one and 43/100 ($871.43) Dollars for their costs herein and have execution therefor.

June 7, 1966.

Order of the Circuit Court of Appeals Eighth Denying Petition for Rehearing Appeal No. 18055 dated June 20, 1966

(Order denying the Petition of Appellees for a Rehearing)

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

No. 18055

Lambert Industries, Inc., a Minnesota Corporation, et al.,
Appellants,

vs.

American Infra-Red Radiant Co., Inc., a Delaware corporation, et al.

Appeal from the United States District Court for the District of Minnesota.

Petition of appellees for rehearing filed in this cause having been considered, It is now here Ordered by this Court that the same be, and it is hereby, denied.

June 20, 1966.

Rule 52, Federal Rules of Civil Procedure

RULES OF CIVIL PROCEDURE FOR THE UNITED STATES DISTRICT COURTS

Rule 52. Findings by the Court

(a). Effect. In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of

review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41(b). As amended Jan. 21, 1963, eff. July 1, 1963.

(b). Amendment. Upon motion of a party made not later than 10 days after entry of judgment the court may amend its findings or make additional findings and may amend the judgment accordingly. The motion may be made with a motion for a new trial pursuant to Rule 59. When findings of fact are made in actions tried by the court without a jury, the question of the sufficiency of the evidence to support the findings may thereafter be raised whether or not the party raising the question has made in the district court an objection to such findings or has made a motion to amend them or a motion for judgment.

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In the Supreme Court of the United States

OCTOBER TERM, 1966

No. 459

AMERICAN INFRA-RED RADIANT CO., INC. AND HUPP CORPORATION

Petitioners

vs.

LAMBERT INDUSTRIES, INC., INDUSTRIAL CERAMICS, INC. AND AGARD L. LAMBERT, NOMINAL PARTY DEFENDANT

Respondents

BRIEF IN OPPOSITION TO PETITION FOR CERTIORARI

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AUTHORITIES

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In the
Supreme Court of the United States
OCTOBER TERM, 1966

No. 459

AMERICAN INFRA-RED RADIANT CO., INC. AND HUPP CORPORATION

Petitioners

VS.

LAMBERT INDUSTRIES, INC., INDUSTRIAL CERAMICS, INC. AND AGARD L. LAMBERT, NOMINAL PARTY DEFENDANT

Respondents

BRIEF IN OPPOSITION TO PETITION FOR CERTIORARI

I. STATEMENT OF THE CASE

Respondents disagree with Petitioners' statement of the case which, for the most part, is an argumentative recitation of a number of disputable facts and conclusions. A better statement of the case is set forth in the opinion of the United States Court of Appeals for the Eighth Circuit (P. pp. 1a-7a).[1]

This Petition concerns only that portion of the Eighth Circuit opinion dealing with the question of the validity of

[1]The reference "P" refers, in this Response, to pages of the printed Petition.

United States Letters Patent No. 2,775,294. The Court of Appeals held that United States Patent No. 2,775,294 was invalid as anticipated by a 1915 British prior art patent, McCourt 6312 and, therefore, lacked the necessary "novelty" for patentability under 35 U.S.C. Section 102(a). Going further, the Court of Appeals commented (P. pp. 13a-14a) that even were it to assume, arguendo, that the difference asserted by Petitioners between the prior art and the alleged invention of said patent was not first taught in principle by McCourt, that is, novel, United States Patent No. 2,775,294 was invalid as lacking the necessary "invention" or "non-obviousness" required by 35 U.S.C. Section 103 and *Graham v. John Deere Company of Kansas City*, 383 U.S. 1 (1966).

II. NO FEDERAL QUESTION PRESENTED

The issue of the "novelty" or "obviousness" of the alleged invention of United States Patent No. 2,775,294 over the prior art is not one for review by this Court; and indeed, a reading of the instant Petition leaves Respondents at a loss as to Petitioners' reasons why this Court should grant Writ of Certiorari.

III. ARGUMENT

The Petition should be denied because it fails to set forth any special and important reason for review by the Court. Petitioners have failed to set forth wherein any one of the reasons listed in Rule 19 of the Rules of this Court would be applicable to the instant case.

A. No One of the Four Questions Presented by Petitioners Has Any Merit; nor Do Said Questions Present Any Special Reason for Review by This Court.

Without desire to become involved in a discussion of "factual" disagreements between Petitioners and Respondents, the following brief comments might be noted with respect to Petitioners' four questions presented for review.

With respect to Petitioners' question 1 (P. 2), it apparently relates to determination of a moot issue. Since the Court of Appeals held the '294 patent invalid for "lack of novelty" under 35 U.S.C. Section 102(a), its application of the "obviousness test" under 35 U.S.C. Section 103 was dicta. Petitioners' question 1 is even more confusing in view of the fact that the Trial Court did not make any "clear validity findings" as asserted by the Petitioners; but rather, as found by the Eighth Circuit Court of Appeals, the Trial Court's conclusions of validity were clearly erroneous (P. 16a, 17a-18a).

Petitioners' question 2 (P. 3) again refers to a question of "non-obviousness" which is not a critical question in view of the patent in suit being invalid for lack of "novelty". In any event, the question assumes facts contrary to the decision of the Eighth Circuit **and the evidence at trial.** The '294 patent is not a "new combination of elements".

Mr. Fishleigh, Petitioners' primary expert witness, admitted under cross examination that the only difference between the claimed invention of the patent here and the prior art McCourt patent was in connection with the phrase in the Schwank patent claim that the passages of the tile collectively occupy not less than about twenty (20%) percent of the total radiation area at the outer side of the

tile block (R.D.A. 165-167);[2] the alleged difference being that Schwank claims a ratio of not less than "about 20%", while McCourt's patent lists ratios of only 14.3% and 16.2%. (See P. 10a-11a.) Since the sole alleged difference (see footnote 3, P. 11a) is only a question of the number of holes in the block (i.e. does one have 90 holes per square inch or 100 holes per square inch), there obviously can be no new combination of elements, as alleged by Petitioners. The combination of elements is the same.

Petitioners' question 3 (P. 3) is predicated upon the erroneous premise that the Court of Appeals "enlarged" the prior art British patent; in fact, Petitioners have not set forth one single instance where the Court of Appeals' interpretation of the British patent was erroneous. Further, this question is improperly premised upon the unsupported allegation that the prior art teaching was palpably deficient.

The Court of Appeals in discussing the issue of anticipation stated (P. 10a-11a):

> "It is clear from the above comparison, from the statements of plaintiffs' own witnesses, and from the admission found in plaintiffs' supplemental brief, that the Schwank patent has been anticipated in all ways save the possibility of one; this one being Schwank's teaching of a ratio of not less than 'about 20%' while McCourt's patent lists ratios of only 14.3% and 16.2%. Our task then is to determine if this single difference found in the stated ratios as they appear on the face of the patents entitles Schwank to a patent monopoly on his burner plate. We do not believe that it does. We have two basic reasons for this con-

[2]Record, Defendants' Appendix.

clusion. One, given a proper interpretation of the entire teachings of McCourt, the conclusion is inescapable that the Schwank patent was invalid for want of novelty. Two, even if we were to rule that the apparent difference is novel, we believe that the advance would have been obvious to one skilled in the art. Therefore, this obvious step cannot constitute 'invention' necessary to allow a patent monopoly."

With respect to Petitioners' question 4 (P. 4), Rule 52 of the Federal Rules of Civil Procedure specifically provides that a trial court's findings are "reversible" where they are "clearly erroneous". As the Court of Appeals found here (P. 16a):

"Secondly, the part of the trial court's decision which found the element of 'invention' in the Schwank patent we believe was induced by an erroneous view of the law. Even accepting 'invention' as being a question of fact, application of erroneous standards of invention or misconceptions as to the applicable law in themselves make factual conclusions of patentability clearly erroneous. *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147, 71 S.Ct. 127, 95 L.Ed.162 (1950); *Selmix Dispensers, Inc. v. Multiplex Faucet Co. Inc.*, 277 F.2d 884 (8th Cir. 1960).

"There can be no doubt that the trial court applied an erroneous standard of invention in determining the validity of the Schwank patent. The trial court stated 'A new combination resulting in improved construction which brings forth a new and more efficient result than prior art devices is patentable'. The Supreme Court in the *Graham* case determined on this issue that a somewhat similar standard was incorrect and held that the 'test of obviousness' was the only correct test to be applied in determining whether a

new combination of known components amounts to 'invention'. **The decision of the trial court clearly indicates that no standard of obviousness was applied."** (Emphasis added.)

The Court of Appeals in this case fully considered the requirement and effect of Rule 52(a) FRCP (P. 15a, 21a).

With respect to Petitioners' fourth question, it is of some interest to note that apparently Petitioners are requesting this Court to find the patent valid and remand the question of infringement to the Eighth Circuit Court of Appeals so that it can reverse the trial court's findings of non-infringement (a practice which Petitioners condemn in their question 4).

B. Petitioners' Reference to German Court Decision is Misleading.

Although the German Court decision referred to by Petitioners (P. 11-13) is wholly irrelevant to the merits of this Petition, the fact that Petitioners seek to rely upon it is significant only as indicative of the lack of merit in this Petition.

First, Respondents' counsel brought to the attention of counsel for Petitioners the fact that the German Court reference in the Petition, as originally filed, was in error. Review of Petitioners' German decision by counsel for Respondents clearly showed that it related to a German patent that issued upon an application made by Schwank in Germany in 1939 and **not** to the application involved in the Patent Office decision before the Court of Appeals. It was suggested to Petitioners' counsel that in view of Petitioners' apparent heavy reliance upon such a miscited decision, Petitioners might desire to merely withdraw their

Petition. Rather than do this, Petitioners have sought to "patch up" this error.[3] Petitioners' continued reliance on this German Court decision, after it was pointed out to the Petitioners that the decision related to a different German patent, seems incredible to Respondents. First, although Respondents might disagree, it must be Petitioners' position that the decision relates to a different "invention" than the alleged invention of the United States Patent here involved because, if the inventions are the same, the United States patent here is invalid for the additional reason of being barred from patentability as the subject of an alleged invention made by a German National in 1939, Public Law 380, Sec. 3, 602 O.G.[4] 675-676 (1947); and second, the German decision relates to an Appellate review of a lower court decision (DXV-1),[5] the admissibility of which Petitioners objected to as "incompetent, irrelevant and immaterial to any issue before the Court in this litigation" (Transcript 1333-1334).

C. The Evidence At Trial Clearly Shows the '294 Patent To Be Invalid.

Even assuming this Petition to present a proper question for this Court, which must be denied, this Court on the merits could not but affirm the Court of Appeals upon the evidence at trial.

Very briefly, the patent in suit was allowed only after

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[3]Petitioners have also miscited the holding in *Skee-Trainer, Inc. et al v. Garelick Mfg. Co.* (P. 8) and the volume of the USPQ report thereof (P. 3). In this case, reported at 150 USPQ 7, the Court of Appeals affirmed the lower court's finding of invalidity and hence, could not have ignored Rule 52(a) FRCP.

[4]Official Gazette, United States Patent Office.

[5]Defendants' Exhibit.

repeated rejections by the United States Patent Office, including a final rejection, on a number of prior art patents, no one of which was as pertinent as the McCourt patent.

As stated by the Court of Appeals (P. 17a-18a):

> "Even by plaintiffs' own charts in evidence McCourt is far more relevant than any art cited by the Patent Examiner. In addition, there were introduced the Keller and Trinks articles which demonstrate general principles later incorporated in the Schwank patent. It is clear that none of this very pertinent art was before the Patent Examiner when he granted the Schwank patent. Even without the benefit of this very pertinent art, the patent office only granted Schwank his patent after considerable debate, hesitation, and discussion. Therefore, we have before us a borderline case in a crowded art, in which three pieces of extremely relevant prior art were not before the patent office."

The evidence at trial clearly shows the Schwank '294 patent in suit to be invalid.

IV. CONCLUSIONS

The Court of Appeals in its very thorough, well-reasoned and fully supported decision on the issue of the validity of Petitioners' '294 patent has fully followed the recent decisions of this Court on the requirements of 35 U.S.C. 102 (a) and 103 for validity of a patent; and the Court of Appeals in its decision gave Rule 52 of the Federal Rules

of Civil Procedure full and proper cognizance. This Petition is wholly without merit and must be denied.

Respectfully submitted,

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Petition for Writ of Certiorari to the United States Court of Appeals for the Eighth Circuit

PETITIONERS' REPLY BRIEF

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PETITIONERS' REPLY BRIEF

Taking up the Respondents' principal asserted reasons for denial of the instant Petition for Certiorari in order, it is submitted that Respondents have failed to show any reason for denial of the Petition for Certiorari.

The Basis for Grant of the Petition

Respondents' brief (page 2) suggests that the petition fails to give sufficient reasons why this Court should grant the requested writ since "NO FEDERAL QUESTION PRESENTED." This suggestion ignores the

fact that each of the questions presented (Petition, pages 2 through 4) raises a question of the proper application of the Patent Laws, particularly 35 U.S.C. Sections 102 or 103, by the Court of Appeals in light of the pronouncements of this Court in the specified decisions. Not only do these questions present a Federal question, they present Federal questions of general importance to all inventors and the patent bar, specifically whether the Courts in determining patent validity may ignore the record evidence showing the history of the art and substitute their own hindsight views, in this case the reactionary views of a Court (Petition page 3, question 2 and footnote) which quite recently was advised by this Court that it in the past had not "applied the correct test" *Graham* v. *John Deere Co.*, 383 U.S. 1, 15 L.Ed. (2d) 545, 549, 86 S.Ct. 684.

These questions clearly set forth special and important reasons for intervention of this Court under its Rule 19 since the questions raised are that the Court below has "decided a federal question in a way in conflict with applicable decisions of this court" or "so far departed from the accepted and usual course of judicial proceedings, * * *, as to call for an exercise of this court's power of supervision" [Supreme Court Rule 19 (b)]. Unless this Court acts to rectify the reactionary views expressed by the Court below, it is submitted that patentability under the Federal Patent Laws will continue to be determined on an emotional hindsight basis rather than the intended factual basis of what has been taught by the prior art (35 U.S.C. Section 102) and what is shown to have been "non-obvious" to "* * * a person having ordinary skill in the art to which said subject matter pertains * * *" (35 U.S.C. Section 103).

The German Decision Cited by Petitioners

Respondents' criticism of Petitioners' reference at pages 11-13 of their petition to that portion of a German Court decision which compared the post 1950 commercial Schwank burner plates embodying the teachings of United States Letters Patent 2,775,294 to the principal prior art disclosure before the Court below, namely, the British McCourt Patent 6,312 of 1915 is without merit. Admittedly, petitioners' initial reference to this decision, based upon incomplete information at hand at the time the petition was drafted (See footnote 5, Petition, page 11), attributed to the decision an erroneous result. The decision, actually directed to an incompetent, irrelevant and immaterial question (sufficiency under German law of a 1939 patent application teaching as a disclosure of the post 1950 Schwank commercial burner plate structure), nevertheless contains an extremely detailed, and we submit, accurate comparison of the McCourt 1915 British patent teachings to the post 1950 Schwank commercial burner plates shown by the uncontradicted evidence in this proceeding [P.R.[1] Bauer 620-623, Fishleigh P.R. 405-407, 411, Plfs. Exhs. 60 (Physical)] to incorporate the combination teaching of United States Letters Patent 2,775,294 before this Court. The German decision concludes (Petition pages 12 and 13) that the British Patent 6,312/1915 falls short in its teachings of disclosing the novel total passage area to tile surface area ratio of the claims before this Court which produced the new combination patented through United States Letters Patent 2,775,294 and resulted in

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[1] Stipulated Joint Record Appendix (Appeals 18054 and 18055) and Appellant's Supplemental Record Appendix.

success. The German decision stated the McCourt deficiency as follows:

> "* * * Consequently, he did not recognize the importance of making the sum of the passage surface areas as large as possible to reduce the danger of back-firing, * * *." (Petition page 12).

To the extent that the German court decision compared these two things and reached the conclusion it did reach, the German decision is pertinent here as corroboration of Petitioners' position before this Court and supports the District Court's validity findings.

CONCLUSION

For the foregoing reasons, it is submitted that the Petition for Certiorari here before the Court states sufficiently special and important reasons recognized under Rule 19 of this Court's rules for granting the petition. It, accordingly, is respectfully requested that the petition be granted.

Respectfully submitted,

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